

Introduced by Senator Steinberg

February 26, 2009

An act relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 500, as amended, Steinberg. Affordable housing: permanent revenue source.

Existing law sets forth the Legislature's finding and declarations regarding the availability of affordable housing throughout California. *Under existing law, there are programs providing assistance for, among other things, multifamily housing, emergency housing, farmworker housing, home ownership for very low and low-income households, and downpayments for first-time homebuyers.*

This bill would enact the Housing Market Stabilization Act of 2010, which would create in the State Treasury the Housing Market Stabilization Fund. The bill would provide that moneys in the fund be available, upon appropriation, to the Department of Housing and Community Development for local assistance loans and grants for purposes related to increasing the supply of safe, affordable, and sustainable homes.

~~This bill would express the intent of the Legislature to enact legislation that would provide a permanent source of revenue for affordable housing in California.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

~~SECTION 1. It is the intent of the Legislature to enact legislation that provides a permanent source of revenue for affordable housing in California.~~

SECTION 1. This act shall be known, and may be cited, as the Housing Market Stabilization Act of 2010.

SEC. 2. It is the intent of the Legislature that having a healthy housing market that provides an adequate supply of homes affordable to Californians at all income levels is critical to the economic prosperity and quality of life in the State of California. The Legislature finds and declares as follows:

(a) Strategic state investment approved by voters in 2002 and 2006 fostered a public-private partnership between the state, lenders, and nonprofit and for-profit developers. This partnership leveraged public and private capital to build, rehabilitate, and preserve 26,500 affordable apartments and 9,300 shelter spaces and to help 44,200 families become or remain homeowners as of October 2008. However, nearly all of the voter-approved funds are expected to be invested by the end of 2010.

(b) Rents and mortgages are too high in nearly every California community. California has the second lowest homeownership rate in the nation and increasing numbers of families with children are becoming homeless due to California's broken housing market.

(c) While the current foreclosure crisis has resulted in reductions in home sale prices in some areas, it has crowded the rental market and slowed new production. This exacerbates the mismatch between the ever-increasing number of households that need housing they can afford and an adequate supply and variety of homes.

(d) Additionally, California's workforce experiences longer commute times as it seeks affordable homes outside the areas in which it works. If the private market is not spurred to build affordable homes near job centers, congestion problems will continue to strain the state's transportation system.

(e) To continue this partnership that encourages the private market to keep pace with continuing demand, the state should identify and establish a permanent, ongoing source of investment dedicated to developing homes affordable to all Californians.

1 (f) *The lack of sufficient housing impedes economic growth and*
2 *development by making it difficult for California employers to*
3 *attract and retain employees.*

4 (g) *State investment in the affordable housing market will do*
5 *all of the following:*

6 (1) *Create decent-paying jobs, improve children's academic*
7 *performance by increasing family stability, and reduce reliance*
8 *on general obligation bonds and the state's General Fund.*

9 (2) *Lessen demands on law enforcement as fewer people will*
10 *live on the streets or in dangerous substandard buildings, increase*
11 *businesses' ability to attract and retain skilled workers, and*
12 *leverage billions in private investment.*

13 (3) *Provide incentives for the private market to make steady*
14 *progress toward offering sufficient apartments and for-sale homes*
15 *for Californians at all income levels.*

16 SEC. 3. *There is hereby created in the State Treasury the*
17 *Housing Market Stabilization Fund. Notwithstanding Section*
18 *16305.7 of the Government Code all interest or other increments*
19 *collected as a result of investment of moneys in the fund shall be*
20 *deposited in the fund. All moneys in the fund shall be available,*
21 *upon appropriation, to the Department of Housing and Community*
22 *Development for local assistance loans and grants to cities,*
23 *counties, cities and counties and developers for the construction,*
24 *rehabilitation, and preservation of homes affordable to the state's*
25 *workforce and those with special housing needs, and to increase*
26 *and preserve homeownership and assist and provide incentives*
27 *for increasing the supply of safe, affordable, and sustainable*
28 *homes.*